

HOUSE CONCURRENT RESOLUTION NO. 13

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Introduced: 2/19/20

Referred: Rules

A RESOLUTION

1 **Relating to the Alaska permanent fund.**

2 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 **WHEREAS**, in November 1976, the people of the state voted to amend the
4 Constitution of the State of Alaska to create the Alaska permanent fund to save a portion of
5 the state's oil wealth for future generations; and

6 **WHEREAS** art. IX, sec. 15, Constitution of the State of Alaska, reads that "at least
7 twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal
8 mineral revenue sharing payments and bonuses received by the State shall be placed in a
9 permanent fund, the principal of which shall be used only for those income-producing
10 investments specifically designated by law as eligible for permanent fund investments. All
11 income from the permanent fund shall be deposited in the general fund unless otherwise
12 provided by law"; and

13 **WHEREAS** the permanent fund received its first oil royalty deposit of \$734,000 on
14 February 28, 1977; and

15 **WHEREAS**, with wise fiscal stewardship, the permanent fund is currently worth over
16 \$66,000,000,000; and

1 **WHEREAS** the Alaska permanent fund is a state legacy and is the only endowment in
2 the world to pay an annual dividend to every eligible state resident; and

3 **WHEREAS** the people of the state need a financially healthy permanent fund that will
4 continue to grow in perpetuity; and

5 **WHEREAS** the Alaska permanent fund is an integral part of the economic and social
6 fabric of the state and should continue to benefit all generations; and

7 **WHEREAS** the permanent fund dividend program was established in 1980, but
8 dividends were not paid out until 1982, after *Zobel v. Williams* was resolved by the United
9 States Supreme Court and new legislation, conforming to the decision, was enacted; and

10 **WHEREAS**, in the past two years, the earnings reserve account in the Alaska
11 permanent fund has, in addition to paying for the annual permanent fund dividend, become an
12 integral part of the state budget for public services, providing almost half of the state's
13 unrestricted general fund revenue in fiscal year 2020; and

14 **WHEREAS**, in 2018, the Thirtieth Alaska State Legislature passed Senate Bill 26,
15 which established a sustainable limit on the allowable annual draw from the earnings reserve
16 account, using a percent-of-market-value calculation commonly employed by most
17 foundations and endowments globally; and

18 **WHEREAS** recent analysis identifies a 15 percent risk over the next 10 years that the
19 earnings reserve account will fall short of meeting the sustainable annual draw for dividends
20 and public services; and

21 **WHEREAS** an overdraw of the earnings reserve account in the Alaska permanent
22 fund beyond the limit established by Senate Bill 26 would put the fund at material risk,
23 jeopardizing the annual draw, endangering the long-term economic well-being of the state,
24 and impairing the state's long-anticipated ability to rely on the earnings reserve account to
25 help meet the public service needs of the people of the state; and

26 **WHEREAS** international credit rating agencies have identified that the financial
27 health of the Alaska permanent fund is critically important to the state, providing operating
28 budget flexibility that would be lost if the fund were depleted; and

29 **WHEREAS** current and future generations of people of the state have a vested
30 interest in seeing the Alaska permanent fund continue its history of consistent financial
31 growth in line with the Alaska Permanent Fund Corporation's projected permanent fund value

1 of \$84,571,000,000 by June 30, 2029;

2 **BE IT RESOLVED** that the Alaska State Legislature vows to defend the Alaska
3 permanent fund today and for generations to come; and be it

4 **FURTHER RESOLVED** that the Alaska State Legislature pledges to maintain a
5 permanent fund dividend for all future generations; and be it

6 **FURTHER RESOLVED** that the Alaska State Legislature pledges to safeguard the
7 substantial oil and investment wealth that has accumulated in the Alaska permanent fund over
8 the past two generations so that future generations can share in the fund's benefits.